

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Commerce	County Oakland
Fiscal Year End 12/31/2006	Opinion Date 06/18/2007	Date Audit Report Submitted to State 06/21/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Layton and Richardson, P.C.	Telephone Number 517-332-1900		
Street Address 1000 Coolidge Road	City East Lansing	State MI	Zip 48823
Authorizing CPA Signature	Printed Name Vickie L. Crouch	License Number 1101013436	

CHARTER TOWNSHIP OF COMMERCE
OAKLAND COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
AND
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Commerce
Oakland County, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Commerce. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 46 through 50 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The introductory section, the combining and individual non-major fund financial statements, and the schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2007, on our consideration of the Charter Township of Commerce's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
June 18, 2007

Management's Discussion and Analysis

As management of the Charter Township of Commerce, we offer readers of the Charter Township of Commerce's financial statements this overview and analysis of the financial activities of the Charter Township of Commerce for the fiscal year ended December 31, 2006. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the Charter Township of Commerce exceeded its liabilities at the close of the most recent fiscal year by \$134,427,470 (net assets). Of this amount, \$60,543,600 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$1,326,823. The decrease was due to the depreciation of the fixed assets.

As of the close of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$39,931,048, an increase of \$2,050,914 in comparison with the prior year. Approximately \$12,394,065 is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,688,888.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Charter Township of Commerce's basic financial statements comprises of three components;

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Charter Township of Commerce's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Charter Township of Commerce's assets and liabilities, with the difference between the two reported as assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Commerce is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Charter Township of Commerce that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities for the Charter Township of Commerce include general government, public safety, public works, and culture and recreation.

The government-wide financial statements can be found on pages 11 – 15 of this audit report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Commerce, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Commerce can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The Charter Township of Commerce adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statement can be found on pages 12-20 and 51-93 of this audit report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Charter Township of Commerce's own programs.

The basic fiduciary fund financial statements can be found on pages 21-22 of this audit report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-44 of this audit report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Commerce's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 37 of this audit report.

The combining statements in connection with non major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual funds statements and schedules can be found on pages 23-24 and 58-93 of this audit report.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Charter Township of Commerce, assets exceeded liabilities by \$134,427,470 in 2006 compared to \$131,386,997 in 2005.

The largest portion of the Charter Township of Commerce's net assets reflects its investment in capital assets (e.g. land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Charter Township of Commerce uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Charter Township of Commerce's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CHARTER TOWNSHIP OF COMMERCE'S Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	\$ 62,145,519	\$ 61,878,773
Capital assets	<u>90,403,870</u>	<u>91,997,439</u>
Total Assets	152,549,389	153,876,212
Long term liabilities outstanding	\$ 14,035,000	\$ 17,503,480
Other Liabilities	<u>4,086,919</u>	<u>4,985,735</u>
Total Liabilities	18,121,919	22,489,215
Net Assets:		
Invested in capital assets, net of Related debt	\$ 73,883,870	\$ 72,218,439
Restricted	-	-
Unrestricted	<u>60,543,600</u>	<u>59,168,558</u>
Total Net Assets	\$134,427,470	\$131,386,997

Governmental activities. Governmental activities increased the Charter Township of Commerce's net assets by \$3,040,473. Key elements of this increase are as follows:

Charter Township of Commerce's Change in Net Assets

	Governmental Activities		Component Unit Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for services	6,720,477	13,982,443	-	-	6,720,477	13,982,443
Operating grants and Contributions	2,242,123	2,205,029	-	-	2,242,123	2,205,029
Capital grants and Contributions	206,000	-	-	-	206,000	-
General Revenues:						
Property Taxes	8,417,924	7,795,035	2,566,704	2,276,354	10,984,628	10,071,389
Other Taxes	315,158	614,042	52,230	205,424	367,388	819,466
Gain on sale of assets	-	-	5,517,922	-	5,517,922	-
Grants and contributions not Unrestricted investment earnings	3,146,504	2,031,391	283,307	391,817	3,429,811	2,423,208
Transfers	269,040	268,290	(269,040)	(268,290)	-0-	-0-
TOTAL REVENUES	21,317,226	26,896,230	8,151,123	2,605,305	29,468,349	29,501,535
Expenses:						
General Government	2,774,195	3,042,730	-	-	2,774,195	3,042,730
Public safety	6,759,639	6,903,959	-	-	6,759,639	6,903,959
Public Works	4,032,444	5,675,757	-	-	4,032,444	5,675,757
Community Development						
And enrichment	62,813	-	-	-	62,813	-
Highway & Streets	52,520	81,730	-	-	52,520	81,730
Culture & Recreation	1,202,398	1,181,970	-	-	1,202,398	1,181,970
Other	2,695,398	1,080,100	5,308,654	3,566,883	8,004,052	4,646,983
Interest on long term debt	697,346	926,867	-	-	697,346	926,867
Total Expenses	18,276,753	18,893,113	5,308,654	3,566,883	23,585,407	22,459,996
Increase in net assets	3,040,473	8,003,117	2,842,469	(961,578)	5,882,942	7,041,539
Net Assets, Beginning	131,386,997	123,383,880	18,519,202	(6,596,601)	149,906,199	139,980,481
Prior Period Adjustment	-	-	-	-	-	-
Net Assets, Ending	134,427,470	131,386,997	21,361,671	(5,635,023)	155,789,141	147,022,020

Financial Analysis of the Government's Funds

The Charter Township of Commerce uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Charter Township of Commerce's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter Township of Commerce's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$39,931,048, an increase of \$2,050,914 in comparison with year 2005. Approximately 31% \$(12,394,065) of this total amount is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Charter Township of Commerce. The 2006 fund balance of the Charter Township of Commerce's general fund increased by \$110,204 compared to 2005.

The Charter Township of Commerce along with the General Fund has five other major funds.

The fund balance for the Sewer Cap Charges Fund as of December 31, 2006 is \$16,366,535. Of this amount \$13,278,000 is reserved for various sewer projects leaving an unreserved fund balance of \$3,088,535. Any money brought in for the use of the sewer system is generated into this fund. Expenditures in this fund are for the sewer treatment plant expansion or any sewer expenses that may arise.

The fund balance for the Fire Fund as of December 31, 2006 is \$40,675. This fund is used to operate the day to day operations of the fire department. The Charter Township of Commerce has a fire millage which generated \$1,139,397 for this fund. This fund is also supplemented by the General Fund in order to keep the Fire Department running. In 2006, the General Fund had to transfer \$969,000 to the Fire fund to help support the department.

The Library Fund balance at the end of December 31, 2006 is \$2,494,703. Money for this fund is generated by a millage voted in by the residents to have our own library. The voted millage brought in \$1,692,920 for 2006. This money is used to support the library. We also have a library building account which is to be used for the construction of a library that was generated by a millage. That account balance is \$1,333,443 which is reserved for construction of a new library. The total revenues brought in were \$1,857,804 and expenditures \$1,146,656.

The fund balance for the Central West Sewer Extension Fund is \$1,107,298. This is a Debt Service fund which is used to pay the bond for the sewer extension that started at Oakley Park east to South Commerce then west on Glengary to Wixom Rd. west and ends just before Charms Rd.

The fund balance for the 2006 Central West additional charges, Greenlawn Sewer, Central West Cap Charges and Special Projects #22 is \$848,520. This is a Debt Service fund which is used to pay the bond for the above listed projects.

Other Governmental Funds

The Charter Township of Commerce maintains several individual governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the audit report. Information on these funds can be found on pages 58-97.

The Charter Township of Commerce also has a Component Unit which is the Downtown Development Authority. Information on this Fund can be found on pages 25-26 & 95-97

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget were relatively minor (\$341,042) decrease in appropriations) and are briefly summarized as follows:

\$122,564 in miscellaneous increases allocated to general government activities

\$78,843 decreases allocated to public safety.

\$200,500 in increases allocated to public works.

\$507,004 decreases allocated to parks and recreation.

During the year, revenues were less than budgetary estimates and expenses were less than budgetary estimates, thus eliminating the need to draw upon the existing fund balance.

Capital Asset and Debt Administration

Capital Assets. The Charter Township of Commerce's investment in capital assets for its governmental type activities as of December 31, 2006, amounts to \$2,679,633 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and sewer and water infrastructure. The total increase from 2005 in the Charter Township of Commerce's investment in capital assets for the current fiscal year was \$94,095. This increase was due to the addition of land purchases from the DDA (component unit) into the capital assets being depreciated.

Charter Township of Commerce's Capital Assets (net of depreciation)

	2006	2005
Land	\$ 4,893,695	\$ 4,893,695
Buildings	4,291,780	4,432,640
Improvements other than building	521,870	483,548
Machinery and equipment	2,206,814	1,810,196
Infrastructure	78,489,711	80,377,360
Total	\$90,403,870	\$91,997,439

Additional information on the Charter Township of Commerce's capital assets can be found on Note 5 on pages 33 & 34.

Long-term debt. At the end of December 31, 2006, the Charter Township of Commerce had a total bonded debt outstanding of \$73,520,000. Of this amount, \$16,520,000 is primary government debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the Charter Township of Commerce's debt represents bonds secured solely by specified revenue sources.

Charter Township of Commerce's Outstanding Debt
Primary Government & Component Unit Debt

	<u>2006</u>	<u>2005</u>
Component Unit Debt	\$57,000,000	\$57,000,000
Primary Government Debt		
With governmental commitment	16,520,000	19,779,000
Total	\$73,520,000	\$76,779,000

The Charter Township of Commerce's total debt decreased by \$3,259,000 during the current fiscal year.

The Charter Township of Commerce and its Downtown Development Authority both maintains an AA-/A-1+ rating from Standard & Poor's for general obligation debt.

Additional information on the Charter Township of Commerce's long-term debt can be found in Note 8 on pages 37-41 of this report.

Future Projections

Commerce Township's future is full of exciting projects. The largest project and the most exciting is the expansion of the South Commerce Waste Water Treatment Plant. Also exciting is the development in the Downtown Development Authority area which will include a new Township Hall, the expansion of the Township Library and a new parkway. Our park millage will finance the development of Dodge Park #5 and purchase additional land for open space and recreational facilities.

The future expectations of the Charter Township of Commerce are grand. With the expansion of the sewer plant we can expect more residents to connect to the system which helps the environment. With the improvement of the roads we can expect less congestion and consistent traffic flow. Additionally, we expect increased development in the parks and expansion of our pathways.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Commerce's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 2840 Fisher Avenue, Commerce Township, MI 48390.

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

ASSETS

	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	\$ 17,861,366	\$ 15,072,257
Investments	23,032,980	
Receivables		
Interest	299,244	51,808
Taxes	8,417,924	
Accounts	101,090	
Special assessments	11,774,931	
Bond discount	53,449	85,000
Prepaid expenses	95,392	
Due from		
Other funds	100,704	
Other governmental units	408,439	
Fixed assets (net of accumulated depreciation)	<u>90,403,870</u>	<u>63,526,893</u>
TOTAL ASSETS	<u>\$ 152,549,389</u>	<u>\$ 78,735,958</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 1,349,527	\$ 374,287
Payroll and payroll taxes	118,640	
Accrued interest	133,752	
Bonds and notes payable	2,485,000	9,000,000
Noncurrent liabilities		
Bonds and notes payable	<u>14,035,000</u>	<u>48,000,000</u>
TOTAL LIABILITIES	<u>18,121,919</u>	<u>57,374,287</u>
NET ASSETS		
Invested in capital assets, net of related debt	73,883,870	6,526,893
Unrestricted	<u>60,543,600</u>	<u>14,834,778</u>
TOTAL NET ASSETS	<u>134,427,470</u>	<u>21,361,671</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 152,549,389</u>	<u>\$ 78,735,958</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities			
General government	\$ 2,774,195	\$ 353,533	\$ 2,179,310
Public safety	6,759,639	601,477	
Public works	4,032,444	5,747,360	
Community development and enrichment	62,813		62,813
Highways and streets	52,520		
Culture and recreation	1,202,398	18,107	
Other	2,695,398		
Interest on long-term debt	697,346		
Total Governmental Activities	<u>\$ 18,276,753</u>	<u>\$ 6,720,477</u>	<u>\$ 2,242,123</u>
Component Unit			
Downtown Development Authority	<u>\$ 5,308,654</u>	<u>\$</u>	<u>\$</u>
General Revenues			
Property taxes levied for general purposes			
Miscellaneous			
Gain on sale of capital assets			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets, January 1			
Net Assets, December 31			

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$ 206,000	\$ (35,352) (6,158,162) 1,714,916	\$	\$ (35,352) (6,158,162) 1,714,916	\$
	(52,520) (1,184,291) (2,695,398) (697,346)		(52,520) (1,184,291) (2,695,398) (697,346)	
<u>\$ 206,000</u>	<u>(9,108,153)</u>		<u>(9,108,153)</u>	
<u>\$</u>				(5,308,654)
	8,417,924 315,158		8,417,924 315,158	2,566,704 52,230
	3,146,504 269,040		3,146,504 269,040	5,517,922 283,307 (269,040)
	<u>12,148,626</u>		<u>12,148,626</u>	<u>8,151,123</u>
	3,040,473		3,040,473	2,842,469
	<u>131,386,997</u>		<u>131,386,997</u>	<u>18,519,202</u>
\$ <u>134,427,470</u>	\$ <u></u>	\$ <u></u>	\$ <u>134,427,470</u>	\$ <u>21,361,671</u>

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2006

	GENERAL	SEWER CAP CHARGES	FIRE
ASSETS			
Cash	\$ 1,259,751	\$ 4,948,463	\$
Investments		11,894,802	652,318
Receivables			
Interest	28,791	149,896	7,078
Taxes	4,614,010		1,233,536
Accounts	101,090		
Special assessments			
Due from			
Other funds	794,640	31,541	
Other governmental units	352,995		
Prepaid expenses	95,392		
TOTAL ASSETS	\$ 7,246,669	\$ 17,024,702	\$ 1,892,932
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Payables			
Accounts	\$ 363,278	\$ 658,167	\$ 18,515
Payroll and payroll taxes	47,562		42,411
Due to other funds	32,931		557,795
Deferred revenue	5,114,010		1,233,536
TOTAL LIABILITIES	5,557,781	658,167	1,852,257
FUND BALANCE			
Reserved for construction projects		13,278,000	
Reserved for debt service			
Unreserved, reported in			
General fund	1,688,888		
Special revenue funds		3,088,535	40,675
TOTAL FUND BALANCE	1,688,888	16,366,535	40,675
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,246,669	\$ 17,024,702	\$ 1,892,932

See accompanying notes to financial statements.

LIBRARY	2000 CENTRAL WEST SEWER EXTENSION	2005 CENTRAL WEST ADDITIONAL CHARGES, GREENLAWN SEWER, CENTRAL WEST CAP CHARGES, SPECIAL PROJECTS #22	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 944,734	\$ 1,107,298	\$ 848,520	\$ 8,752,600	\$ 17,861,366
1,619,721			8,866,139	23,032,980
18,383			95,096	299,244
1,838,506			731,872	8,417,924
	3,192,960	3,878,219	4,703,752	101,090
				11,774,931
			81,267	907,448
			55,444	408,439
				95,392
<u>\$ 4,421,344</u>	<u>\$ 4,300,258</u>	<u>\$ 4,726,739</u>	<u>\$ 23,286,170</u>	<u>\$ 62,898,814</u>
\$ 77,484	\$	\$	\$ 232,083	\$ 1,349,527
10,651			18,016	118,640
1,838,506	3,192,960	3,878,219	216,018	806,744
<u>1,926,641</u>	<u>3,192,960</u>	<u>3,878,219</u>	<u>5,435,624</u>	<u>20,692,855</u>
			<u>5,901,741</u>	<u>22,967,766</u>
1,333,443			4,408,475	19,019,918
	1,107,298	848,520	4,872,359	6,828,177
1,161,260			8,103,595	1,688,888
<u>2,494,703</u>	<u>1,107,298</u>	<u>848,520</u>	<u>17,384,429</u>	<u>12,394,065</u>
				39,931,048
<u>\$ 4,421,344</u>	<u>\$ 4,300,258</u>	<u>\$ 4,726,739</u>	<u>\$ 23,286,170</u>	<u>\$ 62,898,814</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Total fund balances - governmental funds		\$ 39,931,048
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$113,202,444 and the accumulated depreciation is \$22,798,574.		90,403,870
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.		53,449
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (16,580,000)	
Accrued interest	<u>(133,752)</u>	
		(16,713,752)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>20,692,855</u>
Total net assets - governmental activities		\$ <u><u>134,367,470</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	GENERAL	SEWER CAP CHARGES	FIRE
REVENUES			
Taxes	\$ 3,912,431	\$	\$ 1,139,397
Licenses and permits	384,392		
Intergovernmental	2,179,310		689
Charges for services and special assessments	353,533	2,007,207	
Fines and forfeits	74,915		
Interest and rentals	583,000	840,644	34,179
Other revenues	116,108	50	61,594
TOTAL REVENUES	<u>7,603,689</u>	<u>2,847,901</u>	<u>1,235,859</u>
EXPENDITURES			
General government	2,596,881		
Public safety	3,361,390		2,227,205
Public works	7,435	2,440,934	
Culture and recreation	304,344		
Debt service			
Principal retirement			
Interest and fiscal charges			
Refunds			
Capital outlay			
TOTAL EXPENDITURES	<u>6,270,050</u>	<u>2,440,934</u>	<u>2,227,205</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,333,639</u>	<u>406,967</u>	<u>(991,346)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in		893,206	969,000
Operating transfers out	<u>(1,223,435)</u>	<u>(129,971)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,223,435)</u>	<u>763,235</u>	<u>969,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	110,204	1,170,202	(22,346)
FUND BALANCE, JANUARY 1	<u>1,578,684</u>	<u>15,196,333</u>	<u>63,021</u>
FUND BALANCE, DECEMBER 31	<u>\$ 1,688,888</u>	<u>\$ 16,366,535</u>	<u>\$ 40,675</u>

See accompanying notes to financial statements.

LIBRARY	2000 CENTRAL WEST SEWER EXTENSION	2005 CENTRAL WEST ADDITIONAL CHARGES, GREENLAWN SEWER, CENTRAL WEST CAP CHARGES, SPECIAL PROJECTS #22	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,692,920	\$	\$	\$ 676,023	\$ 7,420,771
				384,392
18,107	243,390	581,532	62,813	2,242,812
			4,884,769	8,088,538
133,857	218,633	233,081	1,103,110	74,915
12,920	154	325	124,007	3,146,504
<u>1,857,804</u>	<u>462,177</u>	<u>814,938</u>	<u>6,850,722</u>	<u>315,158</u>
				21,673,090
			23,184	2,620,065
			854,961	6,443,556
			70,436	2,518,805
1,146,656			62,835	1,513,835
	240,000	565,000	2,454,000	3,259,000
	163,160	181,800	380,264	725,224
			435,370	435,370
			2,375,361	2,375,361
<u>1,146,656</u>	<u>403,160</u>	<u>746,800</u>	<u>6,656,411</u>	<u>19,891,216</u>
				1,781,874
711,148	59,017	68,138	194,311	
		18,162	937,238	2,817,606
			(1,195,160)	(2,548,566)
		18,162	(257,922)	269,040
711,148	59,017	86,300	(63,611)	2,050,914
<u>1,783,555</u>	<u>1,048,281</u>	<u>762,220</u>	<u>17,448,040</u>	<u>37,880,134</u>
\$ <u>2,494,703</u>	\$ <u>1,107,298</u>	\$ <u>848,520</u>	\$ <u>17,384,429</u>	\$ <u>39,931,048</u>

CHARTER TOWNSHIP OF COMMERCE
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

Net changes in fund balances - total governmental funds	\$ 2,050,914
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>	
Expenditures for capital assets	880,064
Less: current year depreciation	(2,679,633)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(490,985)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.</p>	
Accrued interest	27,878
Principal payments	3,259,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of current year bond discount	(6,765)
Change in net assets of governmental activities	\$ <u><u>3,040,473</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2006

	AGENCY FUNDS		PENSION TRUST FUND DEFINED CONTRIBUTION PENSION PLAN	TOTALS
	TRUST AND AGENCY	CURRENT TAX COLLECTION		
ASSETS				
Cash and cash equivalents	\$ 1,964,177	\$ 8,450,507	\$	\$ 10,414,684
Investments	3,990		4,697,226	4,701,216
TOTAL ASSETS	<u>\$ 1,968,167</u>	<u>\$ 8,450,507</u>	<u>\$ 4,697,226</u>	<u>\$ 15,115,900</u>
LIABILITIES				
Deposits payable				
Refundable bonds	\$ 1,080,965	\$	\$	\$ 1,080,965
Escrow deposits	586,651			586,651
Due to other funds	94,896	5,808		100,704
Due to other governmental units		8,444,699		8,444,699
Other liabilities	205,655			205,655
TOTAL LIABILITIES	<u>1,968,167</u>	<u>8,450,507</u>		<u>10,418,674</u>
NET ASSETS				
Held in trust for pension benefits			4,697,226	4,697,226
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,968,167</u>	<u>\$ 8,450,507</u>	<u>\$ 4,697,226</u>	<u>\$ 15,115,900</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

ADDITIONS	
Contributions	
Employer	\$ 349,204
Investment income	
Interest	<u>488,341</u>
TOTAL ADDITIONS	<u>837,545</u>
DEDUCTIONS	
Benefits	
Refunds of contributions	<u>237,877</u>
NET INCREASE	599,668
NET ASSETS, JANUARY 1	<u>4,097,558</u>
NET ASSETS, DECEMBER 31	<u>\$ 4,697,226</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 3,276,360	\$ 4,873,819	\$ 602,421	\$ 8,752,600
Investments	8,866,139			8,866,139
Receivables				
Interest	95,096			95,096
Taxes	731,872			731,872
Special assessments		4,703,752		4,703,752
Due from				
Other funds	81,267			81,267
Other governmental units	55,444			55,444
TOTAL ASSETS	<u>\$ 13,106,178</u>	<u>\$ 9,577,571</u>	<u>\$ 602,421</u>	<u>\$ 23,286,170</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payables				
Accounts	\$ 232,083	\$	\$	\$ 232,083
Payroll and payroll taxes	18,016			18,016
Due to other funds	182,327	1,460	32,231	216,018
Deferred revenue	731,872	4,703,752		5,435,624
TOTAL LIABILITIES	<u>1,164,298</u>	<u>4,705,212</u>	<u>32,231</u>	<u>5,901,741</u>
FUND BALANCE				
Reserved for construction	3,838,285		570,190	4,408,475
Reserved for debt service		4,872,359		4,872,359
Unreserved	8,103,595			8,103,595
TOTAL FUND BALANCE	<u>11,941,880</u>	<u>4,872,359</u>	<u>570,190</u>	<u>17,384,429</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,106,178</u>	<u>\$ 9,577,571</u>	<u>\$ 602,421</u>	<u>\$ 23,286,170</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 676,023	\$	\$	\$ 676,023
Intergovernmental	62,813			62,813
Interest income	594,469	481,396	27,245	1,103,110
Charges for services	3,257,046			3,257,046
Special assessments		1,516,712	111,011	1,627,723
Other revenues	124,007			124,007
TOTAL REVENUES	<u>4,714,358</u>	<u>1,998,108</u>	<u>138,256</u>	<u>6,850,722</u>
EXPENDITURES				
General government	23,184			23,184
Public safety	854,961			854,961
Public works	70,436			70,436
Culture and recreation	62,835			62,835
Debt service				
Principal retirement		2,454,000		2,454,000
Interest and fiscal charges		380,264		380,264
Refunds		435,370		435,370
Capital outlay	2,298,051		77,310	2,375,361
TOTAL EXPENDITURES	<u>3,309,467</u>	<u>3,269,634</u>	<u>77,310</u>	<u>6,656,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,404,891</u>	<u>(1,271,526)</u>	<u>60,946</u>	<u>194,311</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	330,590	606,648		937,238
Operating transfers out	(495,832)	(38,374)	(660,954)	(1,195,160)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,242)</u>	<u>568,274</u>	<u>(660,954)</u>	<u>(257,922)</u>
EXCESS (DEFIECIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>1,239,649</u>	<u>(703,252)</u>	<u>(600,008)</u>	<u>(63,611)</u>
FUND BALANCE, JANUARY 1	<u>10,702,231</u>	<u>5,575,611</u>	<u>1,170,198</u>	<u>17,448,040</u>
FUND BALANCE, DECEMBER 31	<u>\$ 11,941,880</u>	<u>\$ 4,872,359</u>	<u>\$ 570,190</u>	<u>\$ 17,384,429</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 15,072,257
Interest receivable	51,808
Bond discount	85,000
Fixed assets (net of accumulated depreciation)	<u>63,526,893</u>
TOTAL ASSETS	<u>\$ 78,735,958</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Current liabilities	
Accounts payable	\$ 374,287
Bonds payable	9,000,000
Noncurrent liabilities	
Long-term debt obligations	<u>48,000,000</u>
TOTAL LIABILITIES	<u>57,374,287</u>

FUND BALANCE

Invested in capital assets, net of related debt	15,526,893
Unreserved - undesignated	<u>5,834,778</u>
TOTAL FUND BALANCE	<u>21,361,671</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 78,735,958</u>
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See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2006

	EXPENSES	PROGRAM REVENUES			TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Component Unit					
Downtown Development Authority	\$ 5,308,654	\$	\$	\$	\$ (5,308,654)
Total Component Unit	\$ 5,308,654	\$	\$	\$	(5,308,654)
General Revenues					
Property taxes					2,566,704
Miscellaneous					52,230
Gain on sale of assets					5,517,922
Unrestricted investment earnings					283,307
Transfers					(269,040)
Total General Revenues and Transfers					8,151,123
Change in Net Assets					2,842,469
Net Assets, January 1					18,519,202
Net Assets, December 31					\$ 21,361,671

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Commerce was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township was originally organized in 1834 and covers an area of approximately 28 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 35,000 residents, including police and fire protection, building ordinance enforcement, road improvements, community services and enrichment, elections, tax assessments, planning, sewer and water, refuse disposal, street lighting, dust control, and aquatic weed control.

The accounting policies of the Charter Township of Commerce conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the Township in the component unit column to emphasize their legally separate status from the primary government. The Township is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Charter Township of Commerce and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the Charter Township of Commerce is reported separately from certain legally separate component units for which the Charter Township of Commerce, the primary government, is financially accountable.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Charter Township of Commerce.

The Charter Township of Commerce reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Fire Fund accounts for the millage levied for the fire department and the associated expenses incurred.

The Library Fund accounts for the millage levied for the library and the associated expenses incurred.

The Sewer Capital Fund accounts for major improvements and sewer projects.

The 2000 Central West Sewer extension fund is used for payment of debt through special assessment proceeds.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The 2005 Central West Additional Charges, Greenlawn Sewer, Central West Capital Charges and Special Project #22 is used for payment of debt through special assessment collections.

Additionally, the Charter Township of Commerce reports the following fund types:

The Pension Trust Fund accounts for the activities of the Township employees' retirement system, which accumulates resources for pension benefit payments to qualified Township employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Charter Township of Commerce has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

When both restricted and unrestricted resources are available for use, it is the Charter Township of Commerce's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

The Township prepares annual budgets for its General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds on the modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Under the modified accrual basis, outstanding encumbrances are recognized as expenditures when goods or services are received/performed. Encumbrances outstanding at December 31, 2006 that are subsequently performed/received will be recognized as expenditures in the fiscal period in which performed/received.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity of three months or less. Investments are stated at fair value.

F. Inventories

The cost of inventory items in all of the Township's governmental funds are recorded as an expenditure at the time of purchase. As of December 31, 2006, the Township had no significant inventories on hand.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Charter Township of Commerce as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in the government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on the government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Compensated Absences

The Township's sick pay and vacation pay policies do not allow for the accumulation of unused allowances subject to cash settlement in future periods. Therefore, no accrual has been recorded in the respective funds or the General Long-Term Debt Account Group.

I. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

J. Encumbrances

The Township does not record encumbrances outstanding at the end of the fiscal period as either expenditures or as a reservation of fund balance. Significant long-term contract commitments or board approved reservations of fund balance are recorded as reserves for subsequent years' expenditures, a fund balance appropriation similar to but distinct from a reserve for encumbrances.

K. Fund Balance Terminology

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure (for example, inventories, prepaid expenses, and non-current assets), or (3) legal restrictions as to expenditures and appropriations. Such reserves are not intended as valuation allowances, but merely demonstrate that such assets are not available for unspecified future expenditures.

L. Insurance and Similar Services

Insurance and similar services which extend over more than one accounting period are accounted for as expenditures in the period paid.

M. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

NOTE 2: **COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION**

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds are adopted at the activity level, as shown in the combining and individual fund financial statements.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION - Concluded

During 2006, the Township did incur expenditures in budgetary funds which were in excess of the amount appropriated.

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
General Fund			
Public works	\$ 4,700	\$ 7,435	\$(2,735)
Open Space			
Capital outlay	91,500	105,571	(14,071)
Improvement and Building			
Capital outlay	2,052,000	2,139,960	(87,960)

The Township's appropriation resolution is generally passed during the December preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions state the purpose and amount of the budget changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

NOTE 3: AMOUNT PAYABLE TO OTHER GOVERNMENTS AT DECEMBER 31, 2006

The Trust and Agency Fund – Current Tax Collection Fund is used to account for the property taxes that the Township collects for various governmental units, such as the county and local schools. As of December 31, 2006, the Township had \$8,450,507 in property tax collections and related receipts in this fund which are payable to various units.

NOTE 4: PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50 percent of current market value, is established by the Township, and is subject to possible equalization by the County and State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping government entities in the Township, which includes school districts, a community college, and the County.

The Township recognizes property taxes as revenue in the year subsequent to the levy, except the DDA summer tax levy that is recognized as revenue when collected and remitted to the Township DDA from the tax account. Property taxes levied on December 1, 2005, (based on December 31, 1999 assess valuations), have been recorded as revenues in the current financial statements. Property taxes levied on December 1, 2006 have been recorded as taxes receivable with corresponding amounts recorded as deferred revenues in the Township's taxing funds.

Beginning approximately March 1, all unpaid taxes become delinquent and are collected by the Oakland County Treasurer. Any real property taxes returned delinquent to the Oakland County Treasurer are paid to the Township through the County's Delinquent Tax Revolving Fund.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 4: PROPERTY TAXES – Concluded

Delinquent personal property taxes receivable are not recorded in the financial statements, since outstanding personal property taxes due the Township are relatively minor in amount, and prior experience has shown that a relatively small portion of the delinquent personal property taxes are collected after the close of the fiscal period in which they become delinquent.

The December 2005 levy was as follows:

Taxable property valuation: \$ 2,062,548,415

Millage rates:

General operating	1.4100
Extra voted fire	1.0036
Extra voted library	1.0000
Extra voted law enforcement	1.0852
Extra voted open space	.7000

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2006	ADDITIONS	DELETIONS	DECEMBER 31, 2006
Capital assets not being depreciated				
Land	\$ <u>4,893,695</u>	\$ _____	\$ _____	\$ <u>4,893,695</u>
Capital assets being depreciated				
Buildings	5,708,893			5,708,893
Improvements	737,962	74,482		812,444
Machinery and equipment	3,805,102	778,988		4,584,090
Infrastructure	<u>96,895,158</u>	<u>232,594</u>	_____	<u>97,127,752</u>
Total Capital assets being depreciated	<u>107,147,115</u>	<u>1,086,064</u>	_____	<u>108,233,179</u>
Less: Accumulated depreciation				
Buildings	1,276,253	140,860		1,417,113
Improvements	254,414	36,160		290,574
Machinery and equipment	1,994,906	382,370		2,377,276
Infrastructure	<u>16,517,798</u>	<u>2,120,243</u>	_____	<u>18,638,041</u>
Total Accumulated Depreciation	<u>20,043,371</u>	<u>2,679,633</u>	_____	<u>22,723,004</u>
Total Capital Assets being depreciated - Net	<u>87,103,744</u>	(<u>1,593,569</u>)	_____	<u>85,510,175</u>
NET CAPITAL ASSETS	\$ <u>91,997,439</u>	\$ (<u>1,593,569</u>)	\$ _____	\$ <u>90,403,870</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 5: **CAPITAL ASSETS – Concluded**

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 121,991
Public safety	204,981
Culture and recreation	232,418
Public works	<u>2,120,243</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	\$ <u>2,679,633</u>

A summary of the asset activity for the governmental activity component unit is as follows:

COMPONENT UNIT	JANUARY 1, 2006	ADDITIONS	DELETIONS	DECEMBER 31, 2006
Infrastructure	\$ 7,899,425	\$ 938,856	\$	\$ 8,838,281
Land	54,634,785		5,357,243	49,277,542
Buildings	10,898,095			10,898,095
Equipment	<u>127,800</u>			<u>127,800</u>
Total Capital Assets	<u>73,560,105</u>	<u>938,856</u>	<u>5,357,243</u>	<u>69,141,718</u>
Less: accumulated depreciation				
Buildings	2,452,071	272,454		2,724,525
Equipment	127,800			127,800
Infrastructure	<u>2,600,000</u>	<u>162,500</u>		<u>2,762,500</u>
Total Accumulated Depreciation	<u>5,179,871</u>	<u>434,954</u>		<u>5,614,825</u>
NET CAPITAL ASSETS	\$ <u>68,380,234</u>	\$ <u>503,902</u>	\$ <u>5,357,243</u>	\$ <u>63,526,893</u>

NOTE 6: **CASH AND INVESTMENTS**

The Township's deposits and investments at December 31, 2006 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 28,275,344	\$	\$ 28,275,344
Investments held by:			
Bank		23,036,970	23,036,970
Defined contribution plan		<u>4,697,226</u>	<u>4,697,226</u>
Deposits and investments	28,275,344	27,734,196	56,009,540
Petty cash and cash on hand	<u>706</u>		<u>706</u>
Total cash and investments	\$ <u>28,276,050</u>	\$ <u>27,734,196</u>	\$ <u>56,010,246</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 6: **CASH AND INVESTMENTS - Continued**

DEPOSITS

At December 31, 2006, the book value of the Township's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$28,275,344 with a corresponding bank balance of \$28,406,599. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$1,000,000 is insured (credit risk category #1) and the remaining \$27,406,599 is uninsured and uncollateralized (credit risk category #3).

INVESTMENTS

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2006. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Township or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Township's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment type:					
Certificates of deposit	\$ 103,990	\$ 22,932,980	\$ _____	\$ 23,036,970	\$ 23,036,970
Investments not subject to categorization:					
Defined contribution plan	_____	4,697,226	_____	4,697,226	4,697,226
TOTAL					
INVESTMENTS	\$ 103,990	\$ 27,630,206	\$ _____	\$ 27,734,196	\$ 27,734,196

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 6: CASH AND INVESTMENTS - Continued

INVESTMENTS – Concluded

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2006, \$55,036,805 of the government's bank balance of \$56,140,795 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 55,036,085</u>
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COMPONENT UNIT – DDA – CASH AND INVESTMENTS

The Authority's deposits and investments at December 31, 2006 are included on the balance sheet under the following classifications:

**CASH
AND CASH
EQUIVALENTS**

Deposits – Bank	
Investments held by:	
Bank	<u>\$15,072,257</u>

DEPOSITS

At December 31, 2006, the book value of the Downtown Development Authority's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$15,072,257 with a corresponding bank balance of \$15,080,495. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$427,482 is insured (risk category #1) and the remaining \$14,653,013 is uninsured and uncollateralized (risk category #3).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2006, \$14,653,013 of the government's bank balance of \$15,080,495 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 14,653,013</u>
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CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 7: EMPLOYEE BENEFITS

A. RETIREMENT PLAN

Plan Description

Substantially all of the employees of the Township are covered by a pension plan. The current plan is a defined contribution plan requiring contributions by the Township of 12% to 13% of each employee's base salary. The plan is administered by the Township through Manulife Financial. The employer's current year covered payroll approximates \$2,797,871 (total current year payroll for all employees approximates \$3,216,376). Eligibility for coverage is the first work day on which the employee has reached age 18, but not more than 75 years of age, with 100% vesting after 20 months of employment. The Township's contribution for 2006 was \$321,499.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the defined contribution plan are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Investments of the plan are reported at fair value based on provided market values. Investment income is recognized as earned. The net appreciation in the fair value of investments is recognized as additions to assets. Gains and losses on the sale of securities are recognized on the transaction date.

B. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRS section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Township's general purpose financial statements.

NOTE 8: LONG-TERM OBLIGATIONS

The State of Michigan Charter Township Act of 1947, as amended, limits the amount of general obligation debt that may be carried by the Charter Township of Commerce to an amount not to exceed ten percent of the latest assessed value of all real and personal property within the Township. In determining net debt, special assessment bonds, revenue bonds, and certain bonds issued for the abatement of pollution are not included in the calculation, even if such debt was issued as general obligation debt of the Township. In addition, any monies held by the Township for future payment of currently outstanding debt reduces the amount of debt subject to this provision.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2006.

	PRIMARY GOVERNMENT DEBT	COMPONENT UNIT DEBT
As of January 1, 2006	\$ 19,779,000	\$ 57,000,000
Additions (Reductions)	(<u>3,259,000</u>)	<u> </u>
As of December 31, 2006	\$ <u>16,520,000</u>	\$ <u>57,000,000</u>

Long-term debt at December 31, 2006 is comprised of the individual issues:

	BALANCE JANUARY 1, 2006	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2006	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
1992 Lake Pine Capital Charges Special Assessment General Obligation Bonds, Series A	\$ 4,000	\$(4,000)	\$	\$
1992 Special Assessment General Obligation Limited Tax Bond, Series B	900,000	(150,000)	750,000	150,000
2005 Special Assessment General Obligation Limited Tax Bond, Series B	665,000	(45,000)	620,000	65,000
2005 Special Assessment General Obligation Limited Tax Bond, Series A	5,305,000	(565,000)	4,740,000	615,000
1998 Carey/Commerce Water Main Tree Haven/Wenonah Hills Paving, Special Projects #9, Commerce Plaza Sewer, Wise Road Water, Special Assessment Limited Tax General Obligation Bonds, Series A	25,000		25,000	25,000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 8: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2006	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2006	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Continued				
1998 North Shores/MPB Water, North Shores/MPB Sewer, Peninsular Park Sewer, Peninsular Park Water, Union Lake Highland Sewer, Four Oaks/Liesel Court Paving, Maynard Drain, Lower Mt. Royal Paving, Special Projects # 10, Special Projects #11, Special Assessment Limited Tax General Obligation Bonds, Series B	\$ 560,000	\$(475,000)	\$ 85,000	\$ 85,000
1999 Switzerland Sub Sewer, Edgewood North Water, West Village Sewer, Arbor Village Sewer, Fox Lake Canal Special Project # 12, Special Assessment Limited Tax General Obligation Bonds, Series A	245,000	(210,000)	35,000	35,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-A	300,000	(170,000)	130,000	100,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-B	735,000	(235,000)	500,000	150,000
2001 Golf Lane Special Project #13 Special Assessment Limited Tax General Obligation Bonds, Series B	325,000	(240,000)	85,000	75,000
2001 A Special Assessment #4202	445,000	(90,000)	355,000	90,000
Special Assesment Bonds Series 2002-A	3,740,000	(240,000)	3,500,000	250,000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 8: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2006	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2006	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Concluded				
Special Assesment Bonds Series 2002-BSA	\$ 450,000	\$ (75,000)	\$ 375,000	\$ 75,000
Special Assesment Bonds Series 2003-A	3,500,000	(500,000)	3,000,000	500,000
Special Assesment Bonds Series 2004-A	495,000	(60,000)	435,000	60,000
IPC Financing	<u>2,085,000</u>	<u>(200,000)</u>	<u>1,885,000</u>	<u>210,000</u>
Total Primary Government	<u>\$ 19,779,000</u>	<u>\$ (3,259,000)</u>	<u>\$ 16,520,000</u>	<u>\$ 2,485,000</u>
Component Unit				
El Dorado Land Contract Limited Tax General Obligation Bonds	\$ 9,000,000	\$	\$ 9,000,000	\$ 9,000,000
2003 Downtown Development Authority Limited Tax General Obligation Bonds	13,000,000		13,000,000	
2004 Downtown Development Authority Limited Tax General Obligation Bonds	<u>35,000,000</u>	<u> </u>	<u>35,000,000</u>	<u> </u>
Total Component Unit	<u>\$ 57,000,000</u>	<u>\$</u>	<u>\$ 57,000,000</u>	<u>\$ 9,000,000</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 8: LONG-TERM OBLIGATIONS – Concluded

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL
2007 Principal	\$ 2,485,000	\$ 9,000,000	\$ 11,485,000
Interest	666,473	260,000	926,473
Total	3,151,473	9,260,000	12,411,473
2008 Principal	2,165,000	425,000	2,590,000
Interest	566,390	260,000	826,390
Total	2,731,390	685,000	3,416,390
2009 Principal	2,120,000	1,075,000	3,195,000
Interest	467,972	251,500	719,472
Total	2,587,972	1,326,500	3,914,472
2010 Principal	1,975,000	1,225,000	3,200,000
Interest	384,581	240,500	625,081
Total	2,359,581	1,465,500	3,825,081
2011			
Principal	1,835,000	1,375,000	3,210,000
Interest	310,587	226,500	537,087
Total	2,145,587	1,601,500	3,747,087
2012 - 2016			
Principal	4,940,000	9,775,000	14,715,000
Interest	712,323	817,000	1,529,323
Total	5,652,323	10,592,000	16,244,323
2017 - 2021			
Principal	1,000,000	10,145,000	11,145,000
Interest	124,500	119,000	243,500
Total	1,124,500	10,264,000	11,388,500
2022 - 2026			
Principal		7,710,000	7,710,000
Interest		varies	varies
Total		7,710,000	7,710,000
2027 - 2031			
Principal		9,520,000	9,520,000
Interest		varies	varies
Total		9,520,000	9,520,000
2032 - 2036			
Principal		6,750,000	6,750,000
Interest		varies	varies
Total		6,750,000	6,750,000
TOTAL			
Principal	16,520,000	57,000,000	73,520,000
Interest	3,232,826	2,174,500	5,407,326
Total	19,752,826	59,174,500	78,927,326

There are a number of limitations and restrictions contained in the various bond indentures. The Township is in compliance with all significant limitations and restrictions.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 9: INTERFUND BALANCE

The amounts of interfund receivables and payables are as follows:

General	\$ 794,641	Special Revenue -	
		Building Inspection	\$ 122,068
		Community Development	60,259
		Trust and Agency	41,778
		Tax	5,808
		Fire	557,795
		Debt Service	1,460
		Capital Projects	<u>5,473</u>
Subtotal	<u>794,641</u>	Subtotal	<u>794,641</u>
Special Revenue			
Sewer	31,541	Capital projects	26,760
Water		General fund	32,931
Improvement revolving	48,336	Trust and agency	53,117
Community Development	<u>32,931</u>		
Subtotal	<u>112,808</u>	Subtotal	<u>112,808</u>
Total	<u>\$ 907,449</u>	Total	<u>\$ 907,449</u>

RECONCILIATION TO STATEMENTS

	DUE FROM		DUE TO
Government funds	\$ <u>100,704</u>	Fiduciary	\$ <u>100,704</u>

These interfund receivables and payables were made for cash flow purposes.

NOTE 10: RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND

The Township of Commerce has committed funds to construction projects in the Special Revenue Funds as of December 31, 2006 as follows:

Sewer Cap Charges Fund	
Newton Road/South Commerce Sewer Force Main	\$ 1,800,000
Benstein Road Low Pressure Sewer	48,000
Pump Station Metering Design	40,000
Pump Station 2.4 Upgrade	60,000
Waste Water Treatment Plant	10,000,000
Pump Section 4.0 Upgrade	50,000
Martin Road Force Main Extension	<u>1,280,000</u>
Subtotal	<u>13,278,000</u>
Water Cap Charges Fund	
Benstein/Ladd Road Water Main Tap Fees	500,000
Water Main Loop at Commerce & Carroll Lake Road	200,000
Upgrades to Wetland in Robert H. Long Park	<u>400,000</u>
Subtotal	<u>1,100,000</u>
Capital Project	
Reserved for Construction	<u>570,190</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2006

NOTE 10: **RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND - Concluded**

Improvement and Building Fund	
Single Year SAD's	\$ 158,018
Township Hall	<u>2,511,267</u>
Subtotal	<u>2,669,285</u>
Debt Service	
Reserved for Debt Service	<u>6,828,177</u>
Road Improvement Fund	
S. Commerce Road Culvert Improvement	<u>69,000</u>
Library Fund	
Library Construction	<u>1,333,443</u>
TOTAL RESERVED	<u>\$ 25,848,095</u>

The total of \$25,848,095 is reported as reserved fund balance.

NOTE 11: **CONTINGENT LIABILITY**

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a material effect of the financial condition of the Township.

NOTE 12: **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees as well as medical benefits; and natural disasters. The Township manages its liability, property risk, and medical benefits through the purchase of commercial insurance.

The Township manages its workers' compensation insurance by participating in Michigan Municipal Workers' Compensation Fund, a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to the Fund for its insurance coverage. The Fund is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: **ACCUMULATED FUND DEFICITS**

The Township had the following fund deficits at December 31, 2006:

Capital Projects	
Burnet Sewer	\$ <u>10,075</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2006

NOTE 14: INFRASTRUCTURE

As of December 31, 2004, all prior years' infrastructure has been recorded.

NOTE 15: OPERATING TRANSFERS

	TRANSFERS IN	TRANSFERS OUT
General	\$	\$ 1,223,435
Fire	969,000	
Building department	254,435	
Sewer cap charges	893,206	129,971
Water cap charges	76,155	495,832
Debt service	633,359	46,922
Capital projects		660,955
Component unit		269,040
	<u>\$ 2,826,155</u>	<u>\$ 2,826,155</u>

These transfers were made for cash flow purposes.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND OTHER FINANCIAL SOURCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES	BUDGETED AMOUNTS		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Taxes				
Current	\$ 4,260,043	\$ 4,260,043	\$ 3,742,329	\$ (517,714)
Penalties and interest on delinquent taxes	15,600	15,600	62,712	47,112
Payment in lieu of taxes	500	500	203	(297)
Summer tax collection fee	98,000	98,000	101,396	3,396
Trailer fees	6,608	6,608	5,791	(817)
	<u>4,380,751</u>	<u>4,380,751</u>	<u>3,912,431</u>	<u>(468,320)</u>
Licenses and permits				
Building permits and fees	9,000	9,000	5,740	(3,260)
Other licenses	16,000	16,000	14,295	(1,705)
Cable television fees	244,400	244,400	364,357	119,957
	<u>269,400</u>	<u>269,400</u>	<u>384,392</u>	<u>114,992</u>
Intergovernmental revenues				
State revenue sharing	2,392,000	2,392,000	2,106,393	(285,607)
Federal and state grants	51,500	51,500	72,917	21,417
	<u>2,443,500</u>	<u>2,443,500</u>	<u>2,179,310</u>	<u>(264,190)</u>
Charges for services				
Zoning fees	22,000	22,000	12,450	(9,550)
Administration fees	110,000	110,000	113,573	3,573
Refuse fees			691	691
DDA fees	67,000	67,000	67,000	
Walled Lake Schools fee	153,783	153,783	159,411	5,628
Street lighting fees			408	408
	<u>352,783</u>	<u>352,783</u>	<u>353,533</u>	<u>750</u>
Fines and forfeitures	<u>57,200</u>	<u>57,200</u>	<u>74,915</u>	<u>17,715</u>
Rents	<u>122,000</u>	<u>122,000</u>	<u>134,791</u>	<u>12,791</u>
Reimbursements	<u>85,000</u>	<u>85,000</u>	<u>98,841</u>	<u>13,841</u>
Interest income	<u>130,000</u>	<u>130,000</u>	<u>448,209</u>	<u>318,209</u>
Miscellaneous	<u>103,640</u>	<u>103,640</u>	<u>17,267</u>	<u>(86,373)</u>
TOTAL REVENUES	<u>\$ 7,944,274</u>	<u>\$ 7,944,274</u>	<u>\$ 7,603,689</u>	<u>\$ (340,585)</u>

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
GENERAL GOVERNMENT				
Expenditures				
Township board	\$ 29,500	\$ 29,200	\$ 28,210	\$ 990
Township supervisor	197,000	192,500	191,915	585
Elections	107,000	71,800	71,460	340
Finance/human resources	167,942	159,500	156,593	2,907
Assessing	603,922	585,937	571,537	14,400
Legal fees	300,000	334,000	356,619	(22,619)
Township clerk	387,381	390,646	381,092	9,554
Tax roll and data processing	26,500	12,500	6,658	5,842
Board of review	8,500	6,000	5,900	100
General services	221,000	320,895	221,281	99,614
Township hall	104,000	106,000	93,430	12,570
Township treasurer	332,779	353,250	348,700	4,550
Other costs	102,300	148,160	163,486	(15,326)
	<u>2,587,824</u>	<u>2,710,388</u>	<u>2,596,881</u>	<u>113,507</u>
Public Safety				
Police protection	3,325,878	3,313,778	3,011,096	302,682
Ordinance enforcement	120,744	108,100	105,814	2,286
Planning and zoning	254,001	254,890	244,480	10,410
	<u>3,700,623</u>	<u>3,676,768</u>	<u>3,361,390</u>	<u>315,378</u>
Public Works				
Street lighting		4,700	7,435	(2,735)
Culture and Recreation				
Parks and recreation	345,692	322,250	304,344	17,906
TOTAL EXPENDITURES	<u>6,634,139</u>	<u>6,714,106</u>	<u>6,270,050</u>	<u>444,056</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,310,135	1,230,168	1,333,639	103,471
OTHER FINANCING USES				
Operating transfers out	<u>(1,282,627)</u>	<u>(1,344,435)</u>	<u>(1,223,435)</u>	<u>121,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	27,508	(114,267)	110,204	224,471
FUND BALANCE, JANUARY 1	<u>1,578,684</u>	<u>1,578,684</u>	<u>1,578,684</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 1,606,192</u>	<u>\$ 1,464,417</u>	<u>\$ 1,688,888</u>	<u>\$ 224,471</u>

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER CAP CHARGES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 2,486,000	\$ 2,546,190	\$ 2,007,207	\$ (538,983)
Interest on investments	250,000	668,330	840,644	172,314
Other		50	50	
TOTAL REVENUES	<u>2,736,000</u>	<u>3,214,570</u>	<u>2,847,901</u>	<u>(366,669)</u>
EXPENDITURES				
Public works	<u>2,878,000</u>	<u>2,982,000</u>	<u>2,440,934</u>	<u>541,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(142,000)</u>	<u>232,570</u>	<u>406,967</u>	<u>174,397</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in			893,206	893,206
Operating transfers out		(30,153)	(129,971)	(99,818)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(30,153)</u>	<u>763,235</u>	<u>793,388</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(142,000)</u>	<u>202,417</u>	<u>1,170,202</u>	<u>967,785</u>
FUND BALANCE, JANUARY 1	<u>1,519,633</u>	<u>15,196,333</u>	<u>15,196,333</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 1,377,633</u>	<u>\$ 15,398,750</u>	<u>\$ 16,366,535</u>	<u>\$ 967,785</u>

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 1,146,797	\$ 1,139,400	\$ 1,139,397	\$ (3)
Intergovernmental	9,000	700	689	(11)
Interest on investments	9,000	30,000	34,179	4,179
Other	35,000	62,200	61,594	(606)
TOTAL REVENUES	<u>1,199,797</u>	<u>1,232,300</u>	<u>1,235,859</u>	<u>3,559</u>
EXPENDITURES				
Public safety	<u>2,394,579</u>	<u>2,302,300</u>	<u>2,227,205</u>	<u>75,095</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,194,782)</u>	<u>(1,070,000)</u>	<u>(991,346)</u>	<u>78,654</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>1,194,782</u>	<u>1,070,000</u>	<u>969,000</u>	<u>(101,000)</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			(22,346)	(22,346)
FUND BALANCE, JANUARY 1	<u>63,021</u>	<u>63,021</u>	<u>63,021</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 63,021</u>	<u>\$ 63,021</u>	<u>\$ 40,675</u>	<u>\$ (22,346)</u>

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 1,703,949	\$ 1,693,000	\$ 1,692,920	\$ (80)
Charges for services	3,000	18,500	18,107	(393)
Interest on investments	20,000	105,000	133,857	28,857
Other	620	13,575	12,920	(655)
TOTAL REVENUES	<u>1,727,569</u>	<u>1,830,075</u>	<u>1,857,804</u>	<u>27,729</u>
EXPENDITURES				
Culture and recreation	<u>1,140,140</u>	<u>1,205,225</u>	<u>1,146,656</u>	<u>58,569</u>
EXCESS OF REVENUES OVER EXPENDITURES	587,429	624,850	711,148	86,298
FUND BALANCE, JANUARY 1	<u>1,783,555</u>	<u>1,783,555</u>	<u>1,783,555</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 2,370,984</u>	<u>\$ 2,408,405</u>	<u>\$ 2,494,703</u>	<u>\$ 86,298</u>

GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the Township, police and fire protection, and public works. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BY CATEGORY
LAST TEN FISCAL PERIODS
(UNAUDITED)

	1997	1998	1999	2000
REVENUES				
Current property taxes	\$ 2,458,163	\$ 2,660,042	\$ 2,842,968	\$ 2,897,732
Excess of roll	75,419	93,949	108,965	
Delinquent taxes, penalties and interest	17,305	12,785	38,859	67,567
Payment in lieu of taxes	203	203	203	223
State revenue sharing	1,772,795	1,886,903	2,016,583	2,156,216
Permits, licenses and fees	966,944	1,197,267	1,110,338	783,041
Interest on investments	339,665	333,643	344,444	554,629
Federal, state and local grants				
Other	134,150	100,600	104,733	42,000
Miscellaneous fees	33,946	63,606	46,273	61,404
Other	104,663	107,727	138,328	79,475
REVENUES BEFORE OTHER FINANCING SOURCES	<u>5,903,253</u>	<u>6,456,725</u>	<u>6,751,694</u>	<u>6,642,287</u>
OTHER FINANCING SOURCES				
Operating transfers in			63,217	
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 5,903,253</u>	<u>\$ 6,456,725</u>	<u>\$ 6,814,911</u>	<u>\$ 6,642,287</u>

2001	2002	2003	2004	2005	2006
\$ 2,797,994	\$ 2,950,120	\$ 3,496,851	\$ 3,465,068	\$ 3,852,822	\$ 3,742,329
234,773	235,170	21,708	15,906	37,801	62,712
807	1,507	1,917	203	523	203
2,674,554	2,457,712	2,273,373	2,111,788	2,138,282	2,106,393
1,791,773	2,542,340	2,519,324	2,326,422	2,808,518	845,112
331,589	57,769	126,761	128,240	305,828	448,209
	500	108,449	(39,550)	5,738	72,917
126,716	71,340	132,335	292,525	319,765	308,547
<u>92,357</u>	<u>67,986</u>	<u>17,213</u>	<u>125,275</u>	<u>159,693</u>	<u>17,267</u>
<u>8,050,563</u>	<u>8,384,444</u>	<u>8,697,931</u>	<u>8,425,877</u>	<u>9,628,970</u>	<u>7,603,689</u>
<u>94,018</u>			<u>1,609,096</u>	<u>616,218</u>	
<u>\$ 8,144,581</u>	<u>\$ 8,384,444</u>	<u>\$ 8,697,931</u>	<u>\$ 10,034,973</u>	<u>\$ 10,245,188</u>	<u>\$ 7,603,689</u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -

BY ACTIVITY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1997	1998	1999	2000
EXPENDITURES				
Township board	\$ 20,226	\$ 20,367	\$ 27,467	\$ 23,369
Township supervisor	140,436	147,343	162,743	167,162
Assessing	260,027	371,127	327,720	397,637
Legal	260,435	339,019	380,071	444,528
Township clerk	224,177	248,619	275,754	347,165
Auditing and accounting	14,850	15,400	15,400	11,155
Finance/human resources				
Board of review	6,567	5,598	6,782	4,800
Tax roll and data processing	30,731	30,574	31,117	24,470
Township treasurer	193,333	207,667	236,668	252,386
Township hall	133,240	155,800	180,672	147,033
General services	134,985	171,603	104,488	220,596
Police protection	1,767,544	1,884,444	1,929,820	1,925,305
Ordinance enforcement				
Elections		30,471		50,065
Fire protection	824,274	872,692	953,106	1,003,322
Building and inspections	442,831	523,304	627,143	
Street lighting	21,787	21,916	20,953	25,595
Refuse				
Weed and dust control				
Library service	422,766	470,430	511,106	582,661
Planning and zoning	138,797	155,318	172,881	176,473
Parks and recreation	99,543	131,124	128,710	182,630
Water and sewer				183,850
Other costs	81,078	105,073	231,074	222,892
EXPENDITURES BEFORE OTHER FINANCING USES	5,217,627	5,907,889	6,323,675	6,393,094
OTHER FINANCING USES				
Improvement revolving fund				
Building and improvement fund				
Building inspection				
Cemetery fund		450,000		
Fire fund				
Road improvement fund		50,000		
Retirement health benefit				
Operating transfers out		300,000	63,217	
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 5,217,627	\$ 6,707,889	\$ 6,386,892	\$ 6,393,094

2001	2002	2003	2004	2005	2006
\$ 27,462	\$ 28,652	\$ 28,826	\$ 28,880	\$ 27,386	\$ 28,210
99,857	104,495	108,679	108,213	161,294	191,915
462,056	497,166	521,797	540,346	564,828	571,537
441,234	350,103	398,131	374,569	312,461	356,619
408,467	397,676	418,469	462,391	486,630	381,092
11,700	11,877	16,000	20,580	19,130	156,593
7,410	7,590	4,700	5,700	6,500	5,900
28,097	30,631	32,277	28,736	4,706	6,658
296,510	282,607	310,386	312,144	336,881	348,700
131,819	77,879	107,964	123,033	82,512	93,430
156,368	192,327	204,644	237,904	214,216	221,281
2,039,488	2,137,396	2,214,402	2,421,130	3,133,866	3,011,096
	58,268	91,173	114,115	112,622	105,814
5,445	45,388	3,898	75,324	29,754	71,460
1,236,348	1,372,961	(31,703)			
(5,909)	(67)	(692)			
21,967	27,171	35,083	39,992	37,150	7,435
1,246,457	1,322,184	1,413,547	1,363,212	1,556,289	
72,745	89,440	81,857	155,600	92,324	
570,183	611,236	662,750	437,216	(44,236)	
220,806	225,070	246,539	245,485	222,967	244,480
179,075	221,451	235,580	259,714	261,744	304,344
(507)					
<u>354,373</u>	<u>483,304</u>	<u>347,099</u>	<u>161,561</u>	<u>86,601</u>	<u>163,486</u>
8,011,451	8,574,805	7,451,406	7,515,845	7,705,625	6,270,050
413,799	50,435		301,589		
2,594				2,207,842	
				117,023	254,435
			200,000		
			2,004,012	1,239,528	969,000
			400,000		
	11,000	11,000		30,000	
<u> </u>	<u> </u>	<u>4,618</u>	<u>7</u>	<u> </u>	<u> </u>
\$ <u>8,427,844</u>	\$ <u>8,636,240</u>	\$ <u>7,467,024</u>	\$ <u>10,421,453</u>	\$ <u>11,300,018</u>	\$ <u>7,493,485</u>

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
ASSETS				
Cash and cash equivalents	\$ 548,053	\$ 165,822	\$ 733,233	\$ 138,356
Investments	650,060		401,031	2,671,150
Receivables				
Interest	4,399		6,442	35,013
Taxes	731,872			
Due from other funds				
Due from other governmental units				
TOTAL ASSETS	<u>\$ 1,934,384</u>	<u>\$ 165,822</u>	<u>\$ 1,140,706</u>	<u>\$ 2,844,519</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 14,978	\$ 6,884	\$ 4,365	\$ 175,234
Accrued payroll and other liabilities		18,016		
Due to other funds		122,068		
Deferred revenue	<u>731,872</u>			
TOTAL LIABILITIES	<u>746,850</u>	<u>146,968</u>	<u>4,365</u>	<u>175,234</u>
FUND BALANCE				
Reserved for construction projects			69,000	2,669,285
Unreserved, undesignated	<u>1,187,534</u>	<u>18,854</u>	<u>1,067,341</u>	
TOTAL FUND BALANCE	<u>1,187,534</u>	<u>18,854</u>	<u>1,136,341</u>	<u>2,669,285</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,934,384</u>	<u>\$ 165,822</u>	<u>\$ 1,140,706</u>	<u>\$ 2,844,519</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	WATER CAP CHARGES	RETIREMENT HEALTH BENEFIT	TOTALS
\$	\$ 4,153 141,078	\$ 169,393 200,106	\$	\$ 1,431,282 4,802,714	\$ 86,068	\$ 3,276,360 8,866,139
				49,242		95,096
32,931			48,336			731,872
55,444						81,267
						55,444
<u>\$ 88,375</u>	<u>\$ 145,231</u>	<u>\$ 369,499</u>	<u>\$ 48,336</u>	<u>\$ 6,283,238</u>	<u>\$ 86,068</u>	<u>\$ 13,106,178</u>
\$ 28,116	\$	\$ 1,220	\$	\$ 1,286	\$	\$ 232,083
60,259						18,016
						182,327
						731,872
<u>88,375</u>		<u>1,220</u>		<u>1,286</u>		<u>1,164,298</u>
	<u>145,231</u>	<u>368,279</u>	<u>48,336</u>	<u>1,100,000</u> <u>5,181,952</u>	<u>86,068</u>	<u>3,838,285</u> <u>8,103,595</u>
	<u>145,231</u>	<u>368,279</u>	<u>48,336</u>	<u>6,281,952</u>	<u>86,068</u>	<u>11,941,880</u>
<u>\$ 88,375</u>	<u>\$ 145,231</u>	<u>\$ 369,499</u>	<u>\$ 48,336</u>	<u>\$ 6,283,238</u>	<u>\$ 86,068</u>	<u>\$ 13,106,178</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
REVENUES				
Property taxes	\$ 676,023	\$	\$	\$
Intergovernmental revenues				
Federal and state grants				
Interest income	53,812		56,023	166,177
Charges for services		601,477		1,927,004
Miscellaneous revenue	<u>1,115</u>	<u></u>	<u></u>	<u>31,859</u>
TOTAL REVENUES	<u>730,950</u>	<u>601,477</u>	<u>56,023</u>	<u>2,125,040</u>
EXPENDITURES				
General government				
Professional fees				
Community services				
Public health and safety		854,961		
Public works				
Roads			52,520	
Building, equipment and other	<u>105,571</u>	<u></u>	<u></u>	<u>2,139,960</u>
TOTAL EXPENDITURES	<u>105,571</u>	<u>854,961</u>	<u>52,520</u>	<u>2,139,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	625,379	(253,484)	3,503	(14,920)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		254,435		
Operating transfers out	<u></u>	<u></u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	625,379	951	3,503	(14,920)
FUND BALANCE, JANUARY 1	<u>562,155</u>	<u>17,903</u>	<u>1,132,838</u>	<u>2,684,205</u>
FUND BALANCE, DECEMBER 31	<u>\$ 1,187,534</u>	<u>\$ 18,854</u>	<u>\$ 1,136,341</u>	<u>\$ 2,669,285</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	WATER CAP CHARGES	RETIREMENT HEALTH BENEFIT	TOTALS
\$	\$	\$	\$	\$	\$	\$
						676,023
62,813						62,813
	5,917	18,808	395	289,578	3,759	594,469
		19,550		709,015		3,257,046
	233			56,815	33,985	124,007
<u>62,813</u>	<u>6,150</u>	<u>38,358</u>	<u>395</u>	<u>1,055,408</u>	<u>37,744</u>	<u>4,714,358</u>
					7,753	7,753
		15,431				15,431
62,813	22					62,835
			20,757	49,679		854,961
						70,436
						52,520
						2,245,531
<u>62,813</u>	<u>22</u>	<u>15,431</u>	<u>20,757</u>	<u>49,679</u>	<u>7,753</u>	<u>3,309,467</u>
	6,128	22,927	(20,362)	1,005,729	29,991	1,404,891
				76,155		330,590
				(495,832)		(495,832)
	6,128	22,927	(20,362)	586,052	29,991	1,239,649
	139,103	345,352	68,698	5,695,900	56,077	10,702,231
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>145,231</u>	<u>145,231</u>	<u>368,279</u>	<u>48,336</u>	<u>6,281,952</u>	<u>86,068</u>	<u>11,941,880</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2006

	OPEN SPACE		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Property taxes	\$ 676,500	\$ 676,023	\$ (477)
Intergovernmental revenues			
Federal and state grants			
Interest income	45,000	53,812	8,812
Charges for services			
Miscellaneous revenue	<u>1,115</u>	<u>1,115</u>	
TOTAL REVENUES	<u>722,615</u>	<u>730,950</u>	<u>8,335</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other	<u>91,500</u>	<u>105,571</u>	<u>(14,071)</u>
TOTAL EXPENDITURES	<u>91,500</u>	<u>105,571</u>	<u>(14,071)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	631,115	625,379	(5,736)
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	631,115	625,379	(5,736)
FUND BALANCE, JANUARY 1	562,155	562,155	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ 1,193,270</u>	<u>\$ 1,187,534</u>	<u>\$ (5,736)</u>

BUILDING INSPECTION			ROAD IMPROVEMENT		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
591,370	601,477	10,107	50,000	56,023	6,023
<u>591,370</u>	<u>601,477</u>	<u>10,107</u>	<u>50,000</u>	<u>56,023</u>	<u>6,023</u>
865,805	854,961	10,844	55,000	52,520	2,480
<u>865,805</u>	<u>854,961</u>	<u>10,844</u>	<u>55,000</u>	<u>52,520</u>	<u>2,480</u>
(274,435)	(253,484)	20,951	(5,000)	3,503	8,503
<u>274,435</u>	<u>254,435</u>	<u>(20,000)</u>			
17,903	951	951	(5,000)	3,503	8,503
<u>17,903</u>	<u>17,903</u>		<u>1,132,838</u>	<u>1,132,838</u>	
\$ <u><u>17,903</u></u>	\$ <u><u>18,854</u></u>	\$ <u><u>951</u></u>	\$ <u><u>1,127,838</u></u>	\$ <u><u>1,136,341</u></u>	\$ <u><u>8,503</u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued

FOR THE YEAR ENDED DECEMBER 31, 2006

	IMPROVEMENT AND BUILDING		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	197,900	166,177	(31,723)
Charges for services	1,923,929	1,927,004	3,075
Miscellaneous revenue	32,450	31,859	(591)
TOTAL REVENUES	<u>2,154,279</u>	<u>2,125,040</u>	<u>(29,239)</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other	<u>2,052,000</u>	<u>2,139,960</u>	<u>(87,960)</u>
TOTAL EXPENDITURES	<u>2,052,000</u>	<u>2,139,960</u>	<u>(87,960)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	102,279	(14,920)	(117,199)
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	102,279	(14,920)	(117,199)
FUND BALANCE, JANUARY 1	2,684,205	2,684,205	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ 2,786,484</u>	<u>\$ 2,669,285</u>	<u>\$ (117,199)</u>

COMMUNITY DEVELOPMENT			MUSEUM		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
85,819	62,813	(23,006)	6,000	5,917	(83)
			250	233	(17)
<u>85,819</u>	<u>62,813</u>	<u>(23,006)</u>	<u>6,250</u>	<u>6,150</u>	<u>(100)</u>
85,819	62,813	23,006	100	22	78
<u>85,819</u>	<u>62,813</u>	<u>23,006</u>	<u>100</u>	<u>22</u>	<u>78</u>
			6,150	6,128	(22)
			6,150	6,128	(22)
			139,103	139,103	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 145,253</u>	<u>\$ 145,231</u>	<u>\$ (22)</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued

FOR THE YEAR ENDED DECEMBER 31, 2006

	CEMETERY		VARIANCE -
	BUDGET	ACTUAL	FAVORABLE
			(UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	19,000	18,808	(192)
Charges for services	18,000	19,550	1,550
Miscellaneous revenue			
TOTAL REVENUES	<u>37,000</u>	<u>38,358</u>	<u>1,358</u>
EXPENDITURES			
General government			
General services			
Professional fees	15,511	15,431	80
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	<u>15,511</u>	<u>15,431</u>	<u>80</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER			
EXPENDITURES	21,489	22,927	1,438
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF			
REVENUES AND OTHER			
FINANCING SOURCES			
OVER EXPENDITURES			
AND OTHER USES	21,489	22,927	1,438
FUND BALANCE, JANUARY 1	345,352	345,352	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ 366,841</u>	<u>\$ 368,279</u>	<u>\$ 1,438</u>

IMPROVEMENT REVOLVING			WATER CAP CHARGES		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
395	395		80,410	289,578	209,168
			1,010,000	709,015	(300,985)
			8,500	56,815	48,315
<u>395</u>	<u>395</u>		<u>1,098,910</u>	<u>1,055,408</u>	<u>(43,502)</u>
20,800	20,757	43	59,000	49,679	9,321
<u>20,800</u>	<u>20,757</u>	<u>43</u>	<u>59,000</u>	<u>49,679</u>	<u>9,321</u>
(20,405)	(20,362)	43	1,039,910	1,005,729	(34,181)
				76,155	76,155
				<u>(495,832)</u>	<u>(495,832)</u>
(20,405)	(20,362)	43	1,039,910	586,052	(453,858)
68,698	68,698				
			<u>5,695,900</u>	<u>5,695,900</u>	
<u>\$ 48,293</u>	<u>\$ 48,336</u>	<u>\$ 43</u>	<u>\$ 6,735,810</u>	<u>\$ 6,281,952</u>	<u>\$ (453,858)</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2006

	RETIREMENT HEALTH BENEFIT		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	4,500	3,759	(741)
Charges for services			
Miscellaneous revenue	34,000	33,985	(15)
TOTAL REVENUES	38,500	37,744	(756)
EXPENDITURES			
General government	8,000	7,753	247
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	8,000	7,753	247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,500	29,991	(509)
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	30,500	29,991	(509)
FUND BALANCE, JANUARY 1	56,077	56,077	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	\$ 86,577	\$ 86,068	\$ (509)

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2006

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 18	\$	\$	\$ 364
Special assessments receivable	<u>929</u>	<u></u>	<u></u>	<u>1,331</u>
TOTAL ASSETS	\$ <u>947</u>	\$ <u></u>	\$ <u></u>	\$ <u>1,695</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$
Deferred revenue	<u>929</u>	<u></u>	<u></u>	<u>1,331</u>
TOTAL LIABILITIES	<u>929</u>	<u></u>	<u></u>	<u>1,331</u>
FUND BALANCE				
Reserved for debt service	<u>18</u>	<u></u>	<u></u>	<u>364</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>947</u>	\$ <u></u>	\$ <u></u>	\$ <u>1,695</u>

1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$ 262,976	\$ 431	\$ 5	\$	\$
<u>715,670</u>	<u>1,283</u>	<u>5</u>	<u> </u>	<u> </u>
\$ <u><u>978,646</u></u>	\$ <u><u>1,714</u></u>	\$ <u><u>5</u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>
\$ <u>715,670</u>	\$ <u>1,283</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
<u>715,670</u>	<u>1,283</u>	<u> </u>	<u> </u>	<u> </u>
<u>262,976</u>	<u>431</u>	<u>5</u>	<u> </u>	<u> </u>
\$ <u><u>978,646</u></u>	\$ <u><u>1,714</u></u>	\$ <u><u>5</u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2006

	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
ASSETS			
Cash and cash equivalents	\$	\$ 174,921	\$ 403,108
Special assessments receivable		1,571	951
TOTAL ASSETS	\$	\$ 176,492	\$ 404,059
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$	\$	\$
Deferred revenue		1,571	951
TOTAL LIABILITIES		1,571	951
FUND BALANCE			
Reserved for debt service		174,921	403,108
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 176,492	\$ 404,059

1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FOX LAKE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B
\$ 327,879	\$ 613,331	\$ 190,907	\$ 269,952	\$ 218,877
20,471	135,345	73,025	67,569	334,464
<u>\$ 348,350</u>	<u>\$ 748,676</u>	<u>\$ 263,932</u>	<u>\$ 337,521</u>	<u>\$ 553,341</u>
\$	\$	\$	\$ 1,000	\$
20,471	135,345	73,025	67,569	334,464
20,471	135,345	73,025	68,569	334,464
327,879	613,331	190,907	268,952	218,877
<u>\$ 348,350</u>	<u>\$ 748,676</u>	<u>\$ 263,932</u>	<u>\$ 337,521</u>	<u>\$ 553,341</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2006

	2000 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECTS #20 SPECIAL PROJECTS #21	DODGE PARK
ASSETS			
Cash and cash equivalents	\$ 281,492	\$ 136,673	\$ 26,610
Special assessments receivable	<u>218,341</u>	<u>387,717</u>	<u></u>
TOTAL ASSETS	<u>\$ 499,833</u>	<u>\$ 524,390</u>	<u>\$ 26,610</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$	\$ 460	\$
Deferred revenue	<u>218,341</u>	<u>387,717</u>	<u></u>
TOTAL LIABILITIES	<u>218,341</u>	<u>388,177</u>	<u></u>
FUND BALANCE			
Reserved for debt service	<u>281,492</u>	<u>136,213</u>	<u>26,610</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 499,833</u>	<u>\$ 524,390</u>	<u>\$ 26,610</u>

2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2006 SPECIAL PROJECT #24 SPECIAL PROJECT #25 BURNET SEWER	TOTAL
\$ 229,260	\$ 1,549,399	\$ 187,616	\$	\$ 4,873,819
<u>183,590</u>	<u>1,699,569</u>	<u>432,736</u>	<u>429,190</u>	<u>4,703,752</u>
\$ <u><u>412,850</u></u>	\$ <u><u>3,248,968</u></u>	\$ <u><u>620,352</u></u>	\$ <u><u>429,190</u></u>	\$ <u><u>9,577,571</u></u>
\$	\$	\$	\$	\$
<u>183,590</u>	<u>1,699,569</u>	<u>432,736</u>	<u>429,190</u>	<u>1,460</u>
<u>183,590</u>	<u>1,699,569</u>	<u>432,736</u>	<u>429,190</u>	<u>4,703,752</u>
				<u>4,705,212</u>
<u>229,260</u>	<u>1,549,399</u>	<u>187,616</u>		<u>4,872,359</u>
\$ <u><u>412,850</u></u>	\$ <u><u>3,248,968</u></u>	\$ <u><u>620,352</u></u>	\$ <u><u>429,190</u></u>	\$ <u><u>9,577,571</u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS
REVENUES				
Interest income	\$ 294	\$ 691	\$ 223	\$ 143
Special assessments	<u>1,661</u>	<u></u>	<u>480</u>	<u>257</u>
TOTAL REVENUES	<u>1,955</u>	<u>691</u>	<u>703</u>	<u>400</u>
EXPENDITURES				
Debt principal				4,000
Debt interest and fees				113
Refunds of assessments	<u></u>	<u>85,757</u>	<u>7,173</u>	<u></u>
TOTAL EXPENDITURES	<u></u>	<u>85,757</u>	<u>7,173</u>	<u>4,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,955	(85,066)	(6,470)	(3,713)
OTHER FINANCING SOURCES (USES)				
Operating transfers in				4,198
Operating transfers out	<u>(23,325)</u>	<u></u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(21,370)	(85,066)	(6,470)	485
FUND BALANCE, JANUARY 1	<u>21,388</u>	<u>85,066</u>	<u>6,470</u>	<u>(121)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 18</u>	<u>\$</u>	<u>\$</u>	<u>\$ 364</u>

1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$ 64,276	\$ 116	\$ 1	\$ 2,289	\$ 5,693
<u>143,134</u>	<u>242</u>	<u>1</u>	<u>418</u>	<u>2,881</u>
<u>207,410</u>	<u>358</u>	<u>1</u>	<u>2,707</u>	<u>8,574</u>
150,000				
53,675	163			
<u>203,675</u>	<u>163</u>	<u>1</u>	<u>85,163</u>	<u>202,417</u>
			<u>85,163</u>	<u>202,417</u>
3,735	195	1	(82,456)	(193,843)
80,045	(533)		16,617	
<u>83,780</u>	<u>(338)</u>	<u>1</u>	<u>(65,839)</u>	<u>(193,843)</u>
179,196	769	4	65,839	193,843
<u>\$ 262,976</u>	<u>\$ 431</u>	<u>\$ 5</u>	<u>\$</u>	<u>\$</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2006

	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
REVENUES			
Interest income	\$ 1,593	\$ 8,511	\$ 18,225
Special assessments	<u>2,577</u>	<u>83,444</u>	<u>73,795</u>
TOTAL REVENUES	<u>4,170</u>	<u>91,955</u>	<u>92,020</u>
EXPENDITURES			
Debt principal			
Debt interest and fees			
Refunds of assessments	<u>54,860</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>54,860</u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,690)	91,955	92,020
OTHER FINANCING SOURCES (USES)			
Operating transfers in	10,050	99,000	
Operating transfers out	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(40,640)	190,955	92,020
FUND BALANCE, JANUARY 1	<u>40,640</u>	<u>(16,034)</u>	<u>311,088</u>
FUND BALANCE, DECEMBER 31	\$ <u><u> </u></u>	\$ <u><u>174,921</u></u>	\$ <u><u>403,108</u></u>

1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FAX LANE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B
\$ 16,524	\$ 49,322	\$ 21,318	\$ 28,821	\$ 40,509
47,416	120,732	52,948	92,204	125,502
<u>63,940</u>	<u>170,054</u>	<u>74,266</u>	<u>121,025</u>	<u>166,011</u>
1,394	475,000	450,000	170,000	235,000
	15,769	17,478	11,885	29,327
<u>1,394</u>	<u>490,769</u>	<u>467,478</u>	<u>181,885</u>	<u>264,327</u>
62,546	(320,715)	(393,212)	(60,860)	(98,316)
	45,688	(23,064)		8,800
<u>62,546</u>	<u>(275,027)</u>	<u>(416,276)</u>	<u>(60,860)</u>	<u>(89,516)</u>
265,333	888,358	607,183	329,812	308,393
\$ <u>327,879</u>	\$ <u>613,331</u>	\$ <u>190,907</u>	\$ <u>268,952</u>	\$ <u>218,877</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2006

	2001 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECT #20, SPECIAL PROJECT #21	DODGE PARK
REVENUES			
Interest income	\$ 31,775	\$ 19,692	\$ 1,197
Special assessments	<u>61,835</u>	<u>79,826</u>	<u></u>
TOTAL REVENUES	<u>93,610</u>	<u>99,518</u>	<u>1,197</u>
EXPENDITURES			
Debt principal	90,000	60,000	200,000
Debt interest and fees	18,640	15,990	69,040
Refunds of assessments	<u></u>	<u></u>	<u></u>
TOTAL EXPENDITURES	<u>108,640</u>	<u>75,990</u>	<u>269,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,030)	23,528	(267,843)
OTHER FINANCING SOURCES (USES)			
Operating transfers in			269,040
Operating transfers out	<u></u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(15,030)	23,528	1,197
FUND BALANCE, JANUARY 1	<u>296,522</u>	<u>112,685</u>	<u>25,413</u>
FUND BALANCE, DECEMBER 31	<u>\$ 281,492</u>	<u>\$ 136,213</u>	<u>\$ 26,610</u>

2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2006 SPECIAL PROJECT #24 SPECIAL PROJECT #25 BURNET SEWER	TOTAL
\$ 21,118 \$	136,351	\$ 12,714	\$	\$ 481,396
<u>83,993</u>	<u>368,427</u>	<u>174,940</u>	<u> </u>	<u>1,516,712</u>
<u>105,111</u>	<u>504,778</u>	<u>187,654</u>	<u> </u>	<u>1,998,108</u>
75,000	500,000	45,000		2,454,000
14,613	107,500	24,677		380,264
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>435,370</u>
<u>89,613</u>	<u>607,500</u>	<u>69,677</u>	<u> </u>	<u>3,269,634</u>
15,498	(102,722)	117,977		(1,271,526)
	73,210			606,648
<u> </u>	<u> </u>	<u>8,548</u>	<u> </u>	<u>(38,374)</u>
15,498	(29,512)	126,525		(703,252)
<u>213,762</u>	<u>1,578,911</u>	<u>61,091</u>	<u> </u>	<u>5,575,611</u>
\$ <u>229,260</u>	\$ <u>1,549,399</u>	\$ <u>187,616</u>	\$ <u> </u>	\$ <u>4,872,359</u>

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2006

	CENTRAL WEST SEWER	MT. ROYAL BRIDGE REPAIR	SHADY POINT SEWER	HILLS OF BOGIE LAKE
ASSETS				
Cash and cash equivalents	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
FUND BALANCE				
Unreserved, undesignated	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

WINEWOOD/ WOODLAND WATER	BURNET SEWER	SPECIAL PROJECT #24	GREENLAWN/ COMMERCE ROAD SEWER	LADD ROAD WATER
\$ <u> </u>	\$ <u> 10,075 </u>	\$ <u> 72,786 </u>	\$ <u> </u>	\$ <u> </u>
\$ <u> </u>	\$ <u> 32,231 </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
<u> </u>	<u> (22,156) </u>	<u> 72,786 </u>	<u> </u>	<u> </u>
\$ <u> </u>	\$ <u> 10,075 </u>	\$ <u> 72,786 </u>	\$ <u> </u>	\$ <u> </u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2006

	SPECIAL PROJECT #22	SPECIAL PROJECT #23	CENTRAL WEST WATER CAP CHARGES	TOTAL
ASSETS				
Cash and cash equivalents	\$ <u> </u>	\$ <u> </u>	\$ <u> 519,560 </u>	\$ <u> 602,421 </u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 32,231 </u>
FUND BALANCE				
Unreserved, undesignated	<u> </u>	<u> </u>	<u> 519,560 </u>	<u> 570,190 </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u> 519,560 </u>	\$ <u> 602,421 </u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006

	CENTRAL WEST SEWER	MT. ROYAL BRIDGE REPAIR	SHADY POINTE SEWER	HILLS OF BOGIE LAKE
REVENUES				
Interest income	\$ 2,035	\$ 454	\$ 146	\$ 214
Special assessments				
TOTAL REVENUES	<u>2,035</u>	<u>454</u>	<u>146</u>	<u>214</u>
EXPENDITURES				
Capital outlay		<u>1,029</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,035	(575)	146	214
OTHER FINANCING USES				
Operating transfers out	<u>(484,880)</u>	<u>(252)</u>	<u>(26,191)</u>	<u>(42,278)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(482,845)	(827)	(26,045)	(42,064)
FUND BALANCE, JANUARY 1	<u>482,845</u>	<u>827</u>	<u>26,045</u>	<u>42,064</u>
FUND BALANCE, DECEMBER 31	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

WINWOOD/ WOODLAND WATER	BURNET SEWER	SPECIAL PROJECTS #24	GREENLAWN/ COMMERCE ROAD SEWER	LADD ROAD WATER
\$ 23	\$ 70	\$ 1,933	\$ 185	\$ 384
<u>23</u>	<u>10,005</u>	<u>70,853</u>	<u>185</u>	<u>384</u>
	<u>10,075</u>	<u>72,786</u>	<u>185</u>	<u>384</u>
	<u>32,231</u>		<u>126</u>	
23	(22,156)	72,786	59	384
<u>(4,740)</u>			<u>(3,690)</u>	<u>(76,155)</u>
(4,717)	(22,156)	72,786	(3,631)	(75,771)
<u>4,717</u>			<u>3,631</u>	<u>75,771</u>
\$ <u><u> </u></u>	\$ <u><u>(22,156)</u></u>	\$ <u><u>72,786</u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2006

	CENTRAL SPECIAL PROJECT #22	SPECIAL PROJECT #23	CENTRAL WEST WATER CAP CHARGES	TOTAL
REVENUES				
Interest income	\$ 228	\$ 260	\$ 21,313	\$ 27,245
Special assessments		30,153		111,011
TOTAL REVENUES	228	30,413	21,313	138,256
EXPENDITURES				
Capital outlay			43,924	77,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	228	30,413	(22,611)	60,946
OTHER FINANCING USES				
Operating transfers out	(14,472)	(8,296)		(660,954)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(14,244)	22,117	(22,611)	(600,008)
FUND BALANCE, JANUARY 1	14,244	(22,117)	542,171	1,170,198
FUND BALANCE, DECEMBER 31	\$	\$	\$ 519,560	\$ 570,190

COMPONENT UNIT

A discretely presented component unit is an entity that is legally separate from the Township, but for which the Township is financially accountable or its relationship with the Township is such that exclusion would cause the Township's financial statements to be misleading or incomplete.

The component unit of the Charter Township of Commerce is:

Downtown Development Authority

CHARTER TOWNSHIP OF COMMERCE
 COMPONENT UNIT
 DOWNTOWN DEVELOPMENT AUTHORITY
 ALL FUND TYPES AND ACCOUNT GROUPS
 COMBINED BALANCE SHEET
 DECEMBER 31, 2006

	CAPITAL PROJECTS	LONG-TERM DEBT ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$ 15,072,257	\$	\$ 15,072,257
Interest receivable	51,808		51,808
Amount to be provided for debt service		<u>57,000,000</u>	<u>57,000,000</u>
TOTAL ASSETS	<u>\$ 15,124,065</u>	<u>\$ 57,000,000</u>	<u>\$ 72,124,065</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 374,287	\$	\$ 374,287
Long-term debt obligations		<u>57,000,000</u>	<u>57,000,000</u>
TOTAL LIABILITIES	<u>374,287</u>	<u>57,000,000</u>	<u>57,374,287</u>
FUND BALANCE			
Unreserved - undesignated	<u>14,749,778</u>		<u>14,749,778</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,124,065</u>	<u>\$ 57,000,000</u>	<u>\$ 72,124,065</u>

CHARTER TOWNSHIP OF COMMERCE
 COMPONENT UNIT
 DOWNTOWN DEVELOPMENT AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES	
Current property taxes	\$ 2,566,704
Other income	52,330
Proceeds from sale of property	13,472,559
Interest income	<u>283,307</u>
TOTAL REVENUES	<u>16,374,900</u>
EXPENDITURES	
Professional fees	691,098
Construction	1,738,482
Debt service	
Interest	<u>3,093,791</u>
TOTAL EXPENDITURES	<u>5,523,371</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,851,529</u>
OTHER FINANCING USES	
Operating transfers out	<u>(269,040)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	10,582,489
FUND BALANCE, JANUARY 1	<u>4,167,289</u>
FUND BALANCE, DECEMBER 31	<u>\$ 14,749,778</u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS

DECEMBER 31, 2006

Special Assessment Bonds General Obligation Limited Tax Bonds, Series 1992-B

Issued: July 1, 1992
Dated: July 1, 1992
Original principal amount: \$2,910,000
Interest rates: 5.692%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007-2011	\$ 150,000	\$ <u>750,000</u>

El Dorado Land Contract

Issued: October 24, 2003
Dated: October 24, 2003
Original principal amount: \$9,000,000
Interest rates: Variable

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007	\$ 9,000,000	\$ <u>9,000,000</u>

2006 Special Assessment (LTGO) Bonds, Series 2006-A

Issued: May 3, 2006
Dated: May 1, 2006
Original principal amount: \$5,305,000
Interest rates: 3.51% to 3.52%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007	\$ 615,000	\$ 615,000
2008-2009	570,000	1,140,000
2010	505,000	505,000
2011	500,000	500,000
2012-2015	495,000	<u>1,980,000</u>
		\$ <u>4,740,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2006

1998 Special Assessment (LTGO) Bonds, Series 1998-A

Issued: June 25, 1998
Dated: June 1, 1998
Original principal amount: \$1,395,000
Interest rates: 3.7% to 4.4%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007	\$ 25,000	\$ <u>25,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-B

Issued: November 24, 1998
Dated: November 1, 1998
Original principal amount: \$3,060,000
Interest rates: 3.7% to 3.75%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2008	\$ 85,000	\$ <u>85,000</u>

2006 Special Assessment (LTGO) Bonds, Series 2006-B

Issued: November 1, 2006
Dated: November 1, 2006
Original principal amount: \$665,000
Interest rates: 4.019% to 4.020%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007-2011	\$ 65,000	\$ 325,000
2012	70,000	70,000
2013-2015	75,000	<u>225,000</u>
		\$ <u>620,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2006

1999 Special Assessment (LTGO) Bonds, Series A

Issued: July 1, 2002
Dated: June 1, 2002
Original principal amount: \$1,075,000
Interest rates: 4.16% to 4.17%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2008	\$ 35,000	\$ <u>35,000</u>

1999 Special Assessment (LTGO) Bonds, Series B

Issued: December 28, 1999
Dated: December 1, 1999
Original principal amount: \$915,000
Interest rates: 5.03% to 5.04%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007	\$ 85,000	\$ <u>85,000</u>

2000 Special Assessment (LTGO) Bonds, Series B

Issued: October 26, 2000
Dated: October 1, 2000
Original principal amount: \$1,540,000
Interest rates: 4.59% to 4.60%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007	\$ 70,000	\$ 70,000
2008	150,000	150,000
2009-2010	140,000	<u>280,000</u>
		\$ <u>500,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2006

2000 Special Assessment (LTGO) Bonds, Series A

Issued: May 25, 2000
Dated: May 1, 2000
Original Principal amount: \$970,000
Interest rates: 5.28% to 5.29%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007-2008	\$ 65,000	\$ <u>130,000</u>

2001 Special Assessment (LTGO) Bonds, Series A

Issued: May 24, 2002
Dated: May 1, 2002
Original Principal amount: \$855,000
Interest rates: 4.03% to 4.04%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007-2009	\$ 90,000	\$ 270,000
2010	85,000	<u>85,000</u>
		\$ <u>355,000</u>

Special Assessment Bonds, Series 2002-A

Issued: June 4, 2006
Dated: June 1, 2006
Original principal amount: \$4,700,000
Interest rates: 4.35% to 5.00%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007-2020	\$ 250,000	\$ <u>3,500,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2006

Special Assessment Bonds, Series 2002-B

Issued: October 24, 2006
Dated: October 1, 2006
Original principal amount: \$675,000
Interest rates: 2.00% to 3.5%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007-2011	\$ 75,000	\$ <u>375,000</u>

2003 Special Assessment (LTGO) Bonds, Series A

Issued: April 23, 2006
Dated: April 1, 2006
Original Principal amount: \$4,790,000
Interest rates: 3.11% to 3.13%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2007-2012	\$ 500,000	\$ <u>3,000,000</u>

2004 Downtown Development Authority Bonds

Issued: November 15, 2006
Dated: October 30, 2006
Original principal amount: \$13,000,000
Interest rates: 2.00%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2006
2008	\$ 425,000	\$ 425,000
2009	550,000	550,000
2010	700,000	700,000
2011	850,000	850,000
2012	1,000,000	1,000,000
2013	1,150,000	1,150,000
2014	1,300,000	1,300,000
2015	1,475,000	1,475,000
2016	1,650,000	1,650,000
2017	1,850,000	1,850,000
2018	2,050,000	<u>2,050,000</u>
		<u>\$ 13,000,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2006

2006 IPC Financing - Dodge Park

Issued: March 23, 2006
Dated: March 23, 2006
Original principal amount: \$2,275,000
Interest rates: 3.55% to 3.56%

DUE DATES APRIL 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007	\$ 210,000	\$ 210,000
2008	215,000	215,000
2009	225,000	225,000
2010	230,000	230,000
2011	240,000	240,000
2012	245,000	245,000
2013	255,000	255,000
2014	265,000	<u>265,000</u>
		\$ <u>1,885,000</u>

Special Assessment Bonds, Series 2006-A

Issued: July 29, 2006
Dated: July 1, 2006
Original principal amount: \$555,000
Interest rates: 3.38% to 3.40%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2007-2008	\$ 60,000	\$ 120,000
2009-2011	55,000	165,000
2012-2014	50,000	<u>150,000</u>
		\$ <u>435,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Concluded
DECEMBER 31, 2006

2006 Downtown Development Authority Bonds

Issued: December 16, 2006
Dated: December 1, 2006
Original principal amount: \$35,000,000
Interest rates: Variable

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2006
2009 - 2015	\$ 525,000	\$ 3,675,000
2016	1,100,000	1,100,000
2017	1,145,000	1,145,000
2018	1,195,000	1,195,000
2019	1,245,000	1,245,000
2020	1,300,000	1,300,000
2021	1,360,000	1,360,000
2022	1,415,000	1,415,000
2023	1,475,000	1,475,000
2024	1,540,000	1,540,000
2025	1,605,000	1,605,000
2026	1,675,000	1,675,000
2027	1,745,000	1,745,000
2028	1,820,000	1,820,000
2029	1,900,000	1,900,000
2030	1,985,000	1,985,000
2031	2,070,000	2,070,000
2032	2,155,000	2,155,000
2033	2,250,000	2,250,000
2034	2,345,000	<u>2,345,000</u>
		<u>\$ 35,000,000</u>



Layton & Richardson, P.C.

Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

REPORT AND INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Township of Commerce
Commerce, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF COMMERCE, MICHIGAN, as of and for the year ended December 31, 2006, which collectively comprise the Township of Commerce's basic financial statements and have issued our report thereon dated June 18, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Commerce, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Commerce, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Township of Commerce, Michigan, in a separate letter dated June 18, 2007.

This report is intended solely for the information and use of the Township Board, management, and State and Federal Agencies and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
June 18, 2007



Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Commerce
Commerce, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

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Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
Davelayton@LNRCPA.com

We have examined the financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, for the year ended December 31, 2006, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Commerce. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Commerce is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

CASH RECEIPTS

While conducting the audit we noted that the Township had cash on deposit in financial institutions in excess of the federally insured limits. This presents a potential for losses to the Township in the event of bank failure. We understand that due to large deposits of cash receipts, it is difficult to maintain less than \$100,000 in these accounts. We strongly suggest that management closely monitor cash balances and transfer excess balances to other banks, where possible, to reduce the potential for loss of monetary amounts in excess of the federally insured levels. **This has been implemented.**

CAPITAL ASSETS

Currently, fixed assets are being recorded at year end. We recommend all fixed asset additions and deletions be recorded when they occur. **This has been implemented.**

PRIOR YEAR RECOMMENDATIONS -- Concluded

INVESTMENT POLICY

Due to the implementation of GASB 40, all investment policies need to be updated. We recommend the Township update their investment policy as soon as possible. **This has been implemented.**

CURRENT YEAR RECOMMENDATIONS

OUTSTANDING CHECKS

At the time of our audit there were several checks that had been outstanding for several months. We suggest that the outstanding checklist be reviewed on a timely basis. If necessary stop payment notices should be sent to the bank. **Management response: The Treasurers' department is in the process of implementing a procedure to be followed.**

CASH RECEIPTS

When checks or cash are received over the counter the money is put into an unlocked cash drawer. We recommend that all money received be kept in a locked drawer to prevent possible theft.

BANK RECONCILIATIONS

Presently, a single individual is an authorized check signor and also reconciles the bank accounts. To the extent possible duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system possible. We recommend that the Township segregate bank account reconciliation duties from check signing duties.

UNOPENED BANK STATEMENTS

Unopened bank statements are currently given directly to the person that reconciles the statements. We suggest that unopened bank statements be forwarded directly to the Treasurer. This person would review the bank statements for any strange or unusual items. Documentation of their review should be made on the face of the bank statements. This practice will provide a very strong check and balance on the internal controls over cash. **Management response: Currently, someone other than the person doing the reconciliation receives the bank statement, however it is not being reviewed. Someone will begin reviewing the bank statements prior to reconciliation.**

FIXED ASSETS

Currently, the Township does not have a formal policy to ensure that disposals of fixed assets are reported to the accounting department as they occur. Without such a procedure, the likelihood increases that disposals are not being recorded. A formal policy should be adopted to ensure assets are being properly disposed of.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
June 18, 2007